

Joint Services Contract Administration Services (JCAS)
Executive Meeting
February 15, 2000

Minutes

Location: DLA, Command Conference Room, Ft. Belvoir, VA

1. DCMA Headquarters hosted the JCAS meeting in Room 2419 of the Ft. Belvoir complex on February 15, 2000. See Attachment 1 for the Agenda and Attachment 2 for the list of attendees.
2. Ms. Jill Pettibone, Executive Director, Contract Operations, opened the meeting with welcoming remarks, the history of JCAS meetings, and an offer to continue to host these meetings one or twice a year as a forum for providing updates on current initiatives and ensuring that DCMA provides the services needed by customers.
3. A synopsis of each briefing conducted is provided below. Electronic copies of briefing charts used by presenters can be accessed by visiting the DCMA Home Page at: http://www.dcmchq.dla.mil/dcmc_o/cbo/finance/initiati.htm under the Contract Financing and Payments Hot Items section.

- **Workforce Issues** – Briefer: Steve Uehling

DCMA mirrors most of DoD in that its workforce is both declining and aging. Office of Secretary of Defense (OSD) has responded by forming a Senior Steering Group (SSG) to chart the direction of the future workforce. The SSG is chaired by OUSD (A&T)SA and comprised of members from DUSD (AR), DASD(CPP), OUSD(A&T)/DP, DUSD(L), DUSD(S&T)/DDR&E, Army DACM, Navy DACM, Air Force DACM, OSD/DA DACM, DLA and ODUSD(AR)/AET&CD. This Group will focus on: functions to perform by the future A&T workforce; developing/educating/training the workforce (future functional competencies, universal competencies and recommendations/proposals for education & training),; and hiring/assigning retaining & retiring the workforce Action Items: None

- **Army Incentive Programs** – Briefer: Dr. Kenneth Oscar

Dr. Oscar discussed a report recently issued by the Army on: Constructing Successful Business Relationships - Innovation in Contractual Incentives. This study of innovation in contractual incentives was done to improve the Army's ability to construct more successful business relationships through effectively applying contractual incentives. The report may be viewed on the Army web site at: <http://acqnet.sarda.army.mil/library/final/intro.htm>.

It also appears on the National Contract Management Association's web page at:

<http://www.ncmahq.org/pubs/hotstories/hs111699b.html>. Dr. Oscar also discusses the Army's efforts to capture corporate information for future generations under Knowledge Management.

- **MRM/DRID Update** – Briefer: Jill Pettibone

Ms. Pettibone discussed DCMA successes on the following: MRM 10 – redesigning DoD Source Acceptance Policies and Procedures; MRM 5 – Disposal of Excess Government-Owned Property; DRIDs 32 and 33, Paperless Contract Closeout and Paperless DD Form 250, Material Inspection and Receiving Report. DRID 53, Reconciliation of Contracts in the Mechanization of Contract Administration Services (MOCAS) System (signed Mar 23, 2000). Action items: none.

Public-Private Depot Workload – Briefer: Brig Gen (Sel) Scott

The work performed by DCMA is clearly valuable to SPD (WR-ALC/LU, SA-ALC/LP, OC-ALC/LT). Some examples of DCMA's value are: review and evaluate the "Over and Above" process, review contractor status reports and CDRL submission; provides oversight on contractor's quality and safety programs; track contract cost and monitor financial performance; participate in Integrated Process Teams on performance measurements; senior management council with industry for issue resolution. DCMA's support in DAG portion of PBA contract essential (OC-ALC/LT). DCMA lacks experience with depot infrastructure and processes. Certain DCMA actions inhibit organic performance (e.g. repair items that are complete and ready for sale, but DCMA will not release until Delivery Orders and DD250s catch-up. Some DCMA processes duplicate existing organic processes (e.g. tracking Government Furnished Equipment). Action Items: None

Streamlining the Contract Closeout Process – Briefer: Larry Uhlfelder

Defense Contract Audit Agency's (DCAA) Participation in Alternative Dispute Resolution (ADR), Cost Accounting Standards (CAS) Legislation

DCAA's contract closeout pilot project recommends an initiative to reduce audit hours. Reduces the number of contract audit closing statements to one. In lieu of individual closing statements per contract is recommended that DCAA prepare one contract audit closing statement for all completed contracts as part of the contractor's incurred cost audit. (2) Use data from cumulative allowable cost worksheets to prepare the closing statements. It is anticipated that these efforts will lend themselves to a reduction in direct audit hours (less than half hour per contract compared to 2-4 hours per contract). To further support streamlining contract closeout the DoD Close Contract Working Integrated Process Team (CCWIPT) recommended that the requirement for final voucher audit could be satisfied if the contractor had an adequate billing system, the contractor electronically generates the data necessary for DCAA to complete the cumulative allowable cost worksheet and DCAA is copied on all vouchers submitted. If DCAA discovers deficiencies during the billing system review, then the procedure for that contractor will revert back to audits of all vouchers. The contractor must then submit an improvement plan and after deficiencies are corrected they may be approved to return to the new process. DCAA objective for contract closeout is that by FY2000 and 2001 reduce audit hours Agency-wide for contract audit closing by 20% and 25% respectively of the FY 1998 baseline. Action Items: None

ADR – DCAA participated in the development of the Government's Electronic Guide to Federal Procurement ADR and serves as a member of the Air Forces' ADR Team which screens cases appropriate for ADR. It is important to include DCAA's input during to ADR process so that the financial ramifications are fully understood as they relate to the potential decision. DCAA has issued guidance on the Auditor's participation in the ADR process (see MRD 00-PFC-003 under www.dcaa.mil). DCAA noted that the AF has issued a data call to identify issues in controversy that are over 1 year old or valued at \$10M or more. The data call included a question as to whether the action was suitable for DCAA audit. Note: General Malishenko has stated that DCMA will not make a separate reporting. The rationale for this is that there may be potential for duplication if DCMA reports independently. Action Items: None

CAS Legislation – The Cost Accounting Standards (CAS) Board has issued an interim rule effective Apr 2, 2000. Some significant changes involve the new requirement for a trigger contract of a \$7.5M, etc. Action Items: None

Cost Accounting Standards – Briefer: Patricia Kobus

DCMA is in the process of implementing revisions to Cost Accounting Standards (CAS) included in the National Defense Authorization Act and an interim rule published by the CAS Board. The revisions include changes to CAS applicability requirements, new exemptions for firm-fixed-price contracts, and executive agency waiver authority. DCMA offices are in the process of assessing the effect of these changes on current contractor segments. According to prior data, the number of contractor segments subject to CAS could decrease by 46% with only a 2.5% decrease in CAS-covered dollars. These changes are effective April 2, 2000. Action Items: None

Electronic Data Access (EDA) – Electronic Data Warehouse (EDW)- Briefer: Lt Col Yandik
EDW interfaces with EDA to retrieve buying activities contracts and modifications. EDA provides "PDF" images of these documents, which can be searched and viewed by all authorized DoD users. There are paperless distribution issues with EDA related to web site posting problems. For example, some legacy contract writing systems can not post contract exhibits and attachments. EDW is being upgraded to Version 2.2 to retrieve the contract exhibits and attachments from the EDA interface to these local servers. Data posted to EDA does not always match paper copy due to the Procurement Contracting Officers' pen and ink changes and EDA indexing of information is missing or incorrect – resulting in routing errors. These problems need to be addressed by the buying activities. Action Items: None

Mechanization Of Contract Administration Services (MOCAS) Transition –

Briefer: Lt Col Johnson

It is anticipated that will retire MOCAS in September 2002. All contracts must be removed from MOCAS by October 1, 2002. This means that the contracts must be closed or transferred to a new system (SPS and DPPS). To transition from MOCAS it is estimated that 600,000 contracts require closure and an additional 30, 000 contracts will have to be transferred to another system. A new DRID concerning the reconciliation of contracts in MOCAS will be issued shortly. The DRID will call for (1) Military Departments and DCMA to develop comprehensive plans to close and/or convert all contracts; (2) DFAS to reengineer the reconciliation process; (3) establish a DoD-wide IPT; (4) focus on most difficult contracts first (over \$100M); (5) progress

reviews every 12 weeks with the Deputy Secretary Defense (SECDEF). DCMA's mission under this DRID is to facilitate contract administration actions necessary to promote effective transition DPPS/SPS. DCMA has tasked each Contract Area Office to develop a plan by April 1, 2000. To accomplish this mission emphasis by the DoD community should be focused in the following areas: contract reconciliation, closing audits, final rates, contractors to submit timely/accurate final vouchers, reduce the volume of future Indefinite-Delivery-Indefinite-Quantity (IDIQ) type contracts, accelerate the patent review process and finally the disposition of property.

Action Items: None

MOCAS Payment Location – Briefer: Vivian Hill

In September 1999 DCMA and DFAS launched the MOCAS Payment Location Study. The purpose of this study is to reduce unmatched disbursements. DFAS has proposed to: (1) establish new criteria to determine the optimal paying location (2) conduct root cause analysis to determine why unmatched disbursements occur, (3) develop efficiencies for processing transactions in MOCAS.

Increased participation from the contracting community is needed to provide and analyze data in order to make recommendations for the optimal payment location. Issues regarding DFAS payment and the use of Other Disbursement Offices vice MOCAS were discussed. DFAS proposes to hold an unmatched disbursement summit in the spring. Action Items: None

Quality Assurance Strategic Alliance – Briefer: Peter Angiola

DCMA is reviewing certain aspects of the DoD/Supplier relationship (e.g. quality and delivery). In addition to DCMA efforts OSD is sponsoring a broad-based effort with Honeywell to work quality assurance issues. This effort is a result of MRM #10 and ongoing alliance efforts with Honeywell. A Rapid Improvement Team (RIT) met in December 1999 and proposed to establish a local DCMA/Contractor Team, develop a joint implementation plan, assess contractor maturity of Six Sigma implementation, identify key areas of concern, establish metrics/thresholds and harmonize/integrate the In-plant DCMA Risk Handling Plan with the Contractor Quality Assurance Plan. Action Items: None

Program Integration for Readiness – Briefer: Lynn Harris

The Program Integrator (PI) is an effective bridge between DCMA's geographically dispersed organizational elements and a single customer focal point, the program office. Unlike weapon system acquisition, the world of sustainment, spare and repair parts, is too large and diverse to allow for the same level of tailored support. However, every system has a "Critical Few" parts directly impacting on Readiness. The PI for Readiness Partnerships link DCMA PI with Military Service and DLSC logisticians to provide tailored support on specific spare and repair parts impacting the war-fighter. "Critical Few" items ranges from 10-20 items per month for systems in production or older systems. Action Items: None

Unit Cost Board of Directors – Briefer: James Russell

The Board of Directors, which is an out growth of unit cost, is a relatively new concept that is driving us (DCMA) to even greater accountability. Simply put, we will use the Board to assess our priorities, risks, and future work. Regarding our priorities, the Board is in the best position (since they are our customers) to help DCMA meet customers' needs and ultimately support the

war-fighter. In terms of risk assessment, the Board will look at inherent procurement and contractor performance risk and help us determine where our resources—which continue to be scrutinized closely by members of Congress and leaders at OSD—are best applied. Finally, the Board has unique knowledge of future workload—an instrumental factor in the DCMA resources equation. Effectively anticipating workload requirements ensure that DCMA will be able to manage our resources to meet customers' requirements. DCMA will be happy to provide a walk through on the PLAS process. Action Items: None